

AMENDED IN SENATE MAY 13, 2003
AMENDED IN SENATE APRIL 28, 2003
AMENDED IN SENATE APRIL 8, 2003
AMENDED IN SENATE MARCH 25, 2003

SENATE BILL

No. 321

Introduced by Senator Torlakson
(Principal coauthor: Assembly Member Kehoe)

February 19, 2003

An act to add Division 3 (commencing with Section 64500) to Title 6.7 of the Government Code, relating to infrastructure investment.

LEGISLATIVE COUNSEL'S DIGEST

SB 321, as amended, Torlakson. Infrastructure investment bonds.

Existing law establishes within state government the California Infrastructure and Economic Development Bank with a board of directors having specified duties and powers including the authority to issue bonds.

This bill would, subject to voter approval, as specified, enact the Invest in California Infrastructure Bond Act to authorize the issuance of \$15,000,000,000 in general obligation bonds and to designate specific state agencies to administer bond funds to support local infrastructure investment.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 3 (commencing with Section 64500) is added to Title 6.7 of the Government Code, to read:

DIVISION 3. INFRASTRUCTURE INVESTMENT BONDS

CHAPTER 1. GENERAL PROVISIONS

64500. The Legislature finds and declares all of the following:

(a) Population growth in California, increases in travel, traffic congestion, and the increasing distance between available housing and employment centers have placed greater demands on the state's aging infrastructure.

(b) A series of legislative findings, state reports, and other studies have clearly shown a need to increase investment in infrastructure.

(c) The California Transportation Commission, as directed by Senate Resolution No. 8 of 1999 reported that California's 10-year funding shortfall for transportation infrastructure exceeds one hundred billion dollars (\$100,000,000,000).

(d) Annual vehicle miles traveled on state highways increased 200 percent from 1967 to 1997, inclusive, but the number of lane miles on state highways increased only 25 percent during the same period.

(e) To meet California's housing needs, the Department of Housing and Community Development projects that 200,000 new residential units are needed each year. However, in recent years, new housing construction has fallen short of that projected need by between 50,000 and 100,000 units, resulting in a critical, accumulated deficit.

(f) Communities need effective financial resources to promote, encourage, and facilitate adequate housing development in the job centers of the state; to promote incentives for the development of affordable, infill housing within existing urban and suburban areas, and to increase employment in areas where adequate housing is available.

(g) The Governor's Commission on Building for the 21st Century in 2001 recommended that infrastructure investment be

done in ways that maximize return on existing infrastructure investment, strive for maximum leverage of every state dollar spent, and implement integrated infrastructure strategies.

(h) It is the intent of the Legislature in adopting this measure that California enact the Invest in California Infrastructure Bond Act to increase investment in the core elements of our public infrastructure and to provide more affordable housing closer to job centers throughout the state.

64501. This act shall be known and may be cited as the Invest in California Infrastructure Bond Act.

64502. As used in this chapter, the following terms have the following meanings:

(a) “Committee” means the Infrastructure Investment Bond Finance Committee created pursuant to Section 64517.

(b) “Fund” means the Infrastructure Investment Bond Fund created pursuant to Section 64510.

CHAPTER 2. INFRASTRUCTURE INVESTMENT BONDS

64510. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Infrastructure Investment Bond Fund, which is hereby created.

64511. (a) Moneys from this fund shall be administered by the appropriate authorizing state agency pursuant to subdivision (c).

(b) General obligation bonds in the total amount of fifteen billion dollars (\$15,000,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purpose expressed in this chapter.

(c) The fifteen billion dollars (\$15,000,000,000) in bond funds specified in subdivision (b) shall be distributed by state agencies as follows:

~~(1) Eight billion dollars (\$8,000,000,000) shall be administered by the California Transportation Commission through a loan fund consisting of the bond funds and 50 percent local matching funds pursuant to guidelines developed by the commission to be distributed to transportation projects that:~~

~~(A) Promote or encourage the use of public transit, or bicycle and pedestrian friendly residential and commercial~~

1 ~~development in the central cores of urban and older suburban~~
2 ~~communities or that mitigate the imbalance of jobs and housing.~~

3 ~~(B) Fund Traffic Congestion Relief Fund projects pursuant to~~
4 ~~Chapter 4.5 (commencing with Section 14556) of Part 5.3 of~~
5 ~~Division 3 of Title 2.~~

6 ~~(C) Fund the completion of Traffic Congestion Relief Fund~~
7 ~~projects for which partial funds have already been committed~~
8 ~~pursuant to Chapter 91 of the Statutes of 2000.~~

9 *(1) Eight billion dollars (\$8,000,000,000) shall be*
10 *programmed and allocated by the California Transportation*
11 *Commission pursuant to guidelines adopted by the commission. In*
12 *overseeing this portion of the Invest in California Infrastructure*
13 *Bond Act, the commission may request the Department of*
14 *Transportation to administer the grants resulting from allocations.*
15 *The Department of Housing and Community Development shall be*
16 *consulted by the commission in the preparation of the guidelines*
17 *to effectively carry out the intent of this division. Local matching*
18 *funds of 50 percent shall be required for projects in clauses (ii) and*
19 *(iii) of subparagraph (C). Guidelines for project planning and*
20 *funding eligibility shall be directed to the extent applicable toward*
21 *providing incentives for and maximizing collaboration between*
22 *local governments, regional agencies, the Department of*
23 *Transportation and the Department of Housing and Community*
24 *Development and other state agencies, including the Resources*
25 *Agency. The detailed matching requirements and procedures shall*
26 *be specified in the guidelines and may include circumstances for*
27 *allowable noncash match. On an overall basis, the guidelines shall*
28 *ensure promotion of bicycle- and pedestrian-friendly residential*
29 *and commercial development in the central cores or urban and*
30 *older suburban communities, mitigation of the imbalance of jobs*
31 *and housing between regions, promotion of in-fill development,*
32 *encouragement of use of public transit, encouragement of higher*
33 *density residential and commercial development near transit*
34 *stations, and improvement of housing, jobs, and transportation*
35 *linkages, including affordable housing. The guidelines shall also*
36 *consider opportunities for economic development in economically*
37 *depressed areas of the state and provision of necessary*
38 *transportation that will attract businesses and jobs to those*
39 *communities. Consideration shall be given by the guidelines for*
40 *rural areas in a manner that ensures that benefits are provided to*

1 *all areas of the state at an appropriate level consistent with the*
2 *intent of this division.*

3 (A) *Eligible applicants for funds in clause (iii) of subparagraph*
4 *(C) shall include all of the following: regional transportation*
5 *planning agencies, county transportation commissions pursuant*
6 *to Chapter 2 (commencing with Section 130050) of Division 12 of*
7 *the Public Utilities Code, cities, counties, cities and counties,*
8 *tribal governments, transit operators as defined in Section 99210*
9 *of the Public Utilities Code, any state entity under the Resources*
10 *Agency, and other departments of the State of California as*
11 *necessary to carry out the intent of this division. Eligible fund uses*
12 *shall be all purposes authorized under Section 16727.*

13 (B) *The commission may direct the Department of*
14 *Transportation to prepare annual progress reports to the*
15 *Legislature pursuant to Sections 14535 and 14536 relative to*
16 *implementation of clauses (ii) and (iii) of subparagraph (C). The*
17 *portion of the report relating to the Inter-Regional Partnership*
18 *State Pilot Project to Improve the Balance of Jobs and Housing*
19 *(Article 2.10 (commencing with Section 65391) of Chapter 4 of*
20 *Division 1 of Title 7) shall be prepared by the Department of*
21 *Transportation in cooperation with the Department of Housing*
22 *and Community Development. The report shall include projects,*
23 *including related studies, that are selected for funding, and the*
24 *criteria on which those projects were selected, the benefits of the*
25 *projects toward meeting the goals of this division, policy and*
26 *potential future legislative actions for consideration in*
27 *strengthening land use, transportation, and housing linkages in*
28 *local government, promoting jobs location near housing and*
29 *transit facilities, promoting affordable housing, inculcating smart*
30 *growth principles and practices into local and regional planning,*
31 *and best practices to promote and sustain interregional*
32 *transportation and land use planning across regional boundaries*
33 *for continued and improved quality of life for all Californians.*

34 (C) *Funds available under this paragraph shall be used for the*
35 *following purposes in the amounts indicated:*

36 (i) *Up to four billion dollars (\$4,000,000,000) shall be*
37 *available for transfer to the Traffic Congestion Relief Fund for*
38 *funding of the projects in the amounts identified in Section*
39 *14556.40. These funds shall be transferred in any fiscal year in*
40 *which the transfer of funds from the General Fund to the*

1 *Transportation Investment Fund is suspended under Article XIX B*
2 *of the California Constitution. The amount of funds available for*
3 *transfer under this paragraph in a fiscal year shall be equal to the*
4 *amount of money that is not transferred to the Traffic Congestion*
5 *Relief Fund during that fiscal year due to suspension of the*
6 *transfer otherwise required under Article XIX B of the California*
7 *Constitution, up to cumulative maximum of the amount authorized*
8 *under this paragraph.*

9 (ii) *Two billion dollars (\$2,000,000,000) shall be available for*
10 *implementation of projects that support the plans prepared*
11 *pursuant to the Inter-Regional Partnership State Pilot Project to*
12 *Improve the Balance of Jobs and Housing.*

13 (iii) *Two billion dollars (\$2,000,000,000) shall be available for*
14 *funding projects and related plans that accomplish one or more of*
15 *the following five objectives:*

16 (I) *Promoting improved integration of residential, commercial,*
17 *and employment center development to reduce commute times and*
18 *improve the quality of life, including incorporation of affordable*
19 *housing.*

20 (II) *Providing alternatives to the automobile and promoting*
21 *community well-being, health, recreation, and safety for children*
22 *and adults.*

23 (III) *Conservation of open space and protection of green space*
24 *and the natural environment for sustained environmental health,*
25 *conservation of wildlife habitat, and provision of recreational*
26 *opportunities and community well-being.*

27 (IV) *Promoting interregional land use planning partnerships*
28 *between regional areas, and among cities and counties, in order*
29 *to integrate smart growth principles and goals into short- and*
30 *long-term land use planning.*

31 (V) *Promoting improved “main street” environments that are*
32 *safe, walkable, attractive, and that encourage economic*
33 *development appropriate to the area.*

34 (iv) *To the extent that the funds made available for transfer to*
35 *the Transportation Congestion Relief Fund pursuant to clause (i)*
36 *are not needed for that purpose, those funds shall instead be made*
37 *available for the purposes in clauses (ii) and (iii) in equal shares.*

38 (D) *Subject to authorization by the commission, the*
39 *Department of Transportation shall coordinate with the*
40 *Department of Housing and Community Development to carry out*

1 *provisions of the Inter-Regional Partnership State Pilot Project to*
2 *Improve the Balance of Jobs and Housing overall and in directing*
3 *funds from this division available for those purposes.*

4 (2) Three billion dollars (\$3,000,000,000) shall be
5 administered by the Department of Housing and Community
6 Development as follows:

7 (A) One billion six hundred thousand dollars (\$1,600,000,000)
8 shall be added to funds designated for the existing Multifamily
9 Housing Program (Chapter 6.7 (commencing with Section 50675)
10 of Part 2 of Division 31 of the Health and Safety Code).

11 (B) Fifty million dollars (\$50,000,000) shall be used to provide
12 incentives for jobs-housing opportunity zones pursuant to
13 guidelines developed by the Department of Housing and
14 Community Development for the purposes of the Inter-Regional
15 Partnership (IRP) State Pilot Project to Improve the Balance of
16 Jobs and Housing, Article 2.10 (commencing with Section 65891)
17 of Chapter 4 of Division 1 of Title 7.

18 (C) Three hundred million dollars (\$300,000,000) shall be
19 added to funds designated for the existing Farmworker Housing
20 Grant Program (Chapter 3.2 (commencing with Section 50517.5)
21 of Part 2 of Division 31 of the Health and Safety Code).

22 (D) Three hundred million dollars (\$300,000,000) shall be
23 added to funds designated for the existing Emergency Housing and
24 Assistance Program (Chapter 11.5 (commencing with Section
25 50800) of Part 2 of Division 31 of the Health and Safety Code).

26 (E) Three hundred million dollars (\$300,000,000) shall be
27 added to funds designated for the existing CalHome Program
28 (Chapter 6 (commencing with Section 50650) of Part 2 of Division
29 31 of the Health and Safety Code).

30 (F) Four hundred fifty million dollars (\$450,000,000) shall be
31 added to funds designated for the existing Workforce Housing
32 Reward Program (Chapter 3.8 (commencing with Section 50550)
33 of Part 2 of Division 31 of the Health and Safety Code).

34 (3) Four billion dollars (\$4,000,000,000) shall be administered
35 by the California Infrastructure and Economic Development Bank
36 by disbursement to the State Infrastructure Revolving Account
37 Program, subject to a 50 percent local matching funds
38 requirement, as follows:

39 (A) Two billion dollars (\$2,000,000,000) for infrastructure
40 projects that would enhance and facilitate high density, infill,

1 mixed use, residential, and commercial development in urban and
2 older suburban neighborhoods.

3 (B) Two billion dollars (\$2,000,000,000) for projects funded
4 pursuant to this section based on need and demand as determined
5 by the California Infrastructure and Economic Development
6 Bank.

7 (d) Notwithstanding any provision of the State General
8 Obligation Bond Law, each issue of bonds authorized by the
9 appropriate authorizing state agency shall have a final maturity of
10 not more than 20 years.

11 64512. No portion of the money allocated pursuant to this
12 chapter may be expended for project operating costs, except that
13 this section does not preclude expenditures for operating costs
14 from reserves required to be maintained by or on behalf of the
15 project sponsor.

16 64513. The Legislature may, from time to time, amend the
17 provisions of law related to programs to which funds are, or have
18 been, allocated pursuant to this chapter for the purpose of
19 improving the efficiency and effectiveness of the program, or for
20 the purpose of furthering the goals of the program.

21 64514. The Bureau of State Audits shall conduct periodic
22 audits to ensure that bond proceeds are awarded in a timely fashion
23 and in a manner consistent with the requirements of this chapter,
24 and that awardees of bond proceeds are using funds in compliance
25 with applicable provisions of this division.

26

27 CHAPTER 3. FISCAL PROVISIONS

28

29 64515. Bonds in the total amount of fifteen billion dollars
30 (\$15,000,000,000), or so much thereof as is necessary, not
31 including the amount of any refunding bonds, or so much thereof
32 as is necessary, may be issued and sold to provide a fund to be used
33 for carrying out the purposes expressed in this chapter and to
34 reimburse the General Obligation Bond Expense Revolving Fund
35 pursuant to Section 16724.5. The bonds, when sold, shall be and
36 constitute a valid and binding obligation of the State of California,
37 and the full faith and credit of the State of California is hereby
38 pledged for the punctual payment of both principal of, and interest
39 on, the bonds as the principal and interest become due and payable.



1 64516. The bonds authorized by this chapter shall be
2 prepared, executed, issued, sold, paid, and redeemed as provided
3 in the State General Obligation Bond Law (Chapter 4
4 (commencing with Section 16720) of Part 3 of Division 4 of Title
5 2), and all of the provisions of that law apply to the bonds and to
6 this chapter and are hereby incorporated in this chapter as though
7 set forth in full in this chapter.

8 64517. (a) Solely for the purpose of authorizing the issuance
9 and sale pursuant to the State General Obligation Bond Law of the
10 bonds authorized by this chapter, the Infrastructure Investment
11 Bond Finance Committee is hereby created. For purposes of this
12 chapter, the Infrastructure Investment Bond Finance Committee is
13 “the committee” as that term is used in the State General
14 Obligation Bond Law. The committee consists of the Controller,
15 the Treasurer, and the Director of Finance. The Controller shall
16 serve as chairperson of the committee. A majority of the
17 committee may act for the committee.

18 (b) For purposes of the State General Obligation Bond Law, the
19 agency responsible for administering each program designated in
20 Section 64511 is designated the “board.”

21 64518. The committee shall determine whether or not it is
22 necessary or desirable to issue bonds authorized pursuant to this
23 chapter in order to carry out the actions specified in Section 64511
24 and, if so, the amount of bonds to be issued and sold. Successive
25 issues of bonds may be authorized and sold to carry out those
26 actions progressively, and it is not necessary that all of the bonds
27 authorized to be issued be sold at any one time.

28 64519. There shall be collected each year and in the same
29 manner and at the same time as other state revenue is collected, in
30 addition to the ordinary revenues of the state, a sum in an amount
31 required to pay the principal of, and interest on, the bonds each
32 year. It is the duty of all officers charged by law with any duty in
33 regard to the collection of the revenue to do and perform each and
34 every act that is necessary to collect that additional sum.

35 64520. Notwithstanding Section 13340, there is hereby
36 appropriated from the General Fund in the State Treasury, for the
37 purposes of this chapter, an amount that will equal the total of the
38 following:

1 (a) The sum annually necessary to pay the principal of, and
2 interest on, bonds issued and sold pursuant to this chapter, as the
3 principal and interest become due and payable.

4 (b) The sum necessary to carry out Section 64521, appropriated
5 without regard to fiscal years.

6 64521. For the purposes of carrying out this chapter, the
7 Director of Finance may authorize the withdrawal from the
8 General Fund of an amount not to exceed the amount of the unsold
9 bonds that have been authorized by the committee to be sold for
10 the purpose of carrying out this chapter. Any amounts withdrawn
11 shall be deposited in the fund. Any money made available under
12 this section shall be returned to the General Fund from proceeds
13 received from the sale of bonds for the purpose of carrying out this
14 chapter.

15 64522. All money deposited in the fund that is derived from
16 premium and accrued interest on bonds sold shall be reserved in
17 the fund and shall be available for transfer to the General Fund as
18 a credit to expenditures for bond interest.

19 64523. Pursuant to Chapter 4 (commencing with Section
20 16720) of Part 3 of Division 4 of Title 2, the cost of bond issuance
21 shall be paid out of the bond proceeds. These costs shall be shared
22 proportionally by each program funded through this bond act.

23 64524. The board may request the Pooled Money Investment
24 Board to make a loan from the Pooled Money Investment Account,
25 including other authorized forms of interim financing that include,
26 but are not limited to, commercial paper, in accordance with
27 Section 16312, for purposes of carrying out this chapter. The
28 amount of the request shall not exceed the amount of the unsold
29 bonds that the committee, by resolution, has authorized to be sold
30 for the purpose of carrying out this chapter. The board shall
31 execute any documents required by the Pooled Money Investment
32 Board to obtain and repay the loan. Any amounts loaned shall be
33 deposited in the fund to be allocated by the board in accordance
34 with this chapter.

35 64525. The bonds may be refunded in accordance with
36 Article 6 (commencing with Section 16780) of Chapter 4 of Part
37 3 of Division 4 of Title 2, which is a part of the State General
38 Obligation Bond Law. Approval by the voters of the state for the
39 issuance of the bonds described in this chapter includes the
40 approval of the issuance of any bonds issued to refund any bonds



originally issued under this chapter or any previously issued refunding bonds.

64526. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

64527. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. Section 1 of this act shall become operative upon adoption by the voters of the Invest In California Infrastructure Bond Act, as set forth in Section 1.

SEC. 3. (a) Section 1 of this act shall be submitted to the voters at the November 2, 2004, statewide general election in accordance with the provisions of the Government Code and the Elections Code governing the submission of statewide measures to the voters.

(b) Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, exclusively, the words: “Invest In California Infrastructure Bond Act” and in the same square under those words, the following in 8-point type: “This act provides for the Invest In California Infrastructure Bond Act for the purpose of increasing investment in the core elements of our public infrastructure and to provide more affordable housing closer to job centers throughout the state by issuing general obligation bonds totaling fifteen billion dollars (\$15,000,000,000). Opposite the square there shall be left space in

1 which the voters may place a cross in the manner required by law
2 to indicate whether they vote for or against the act.

3 (c) Notwithstanding Sections 13247 and 13281 of the Elections
4 Code, the language in subdivision (b) shall be the only language
5 included in the ballot label for the condensed statement of the
6 ballot title, and the Attorney General shall not supplement,
7 subtract from, or revise that language, except that the Attorney
8 General may include the financial impact summary prepared
9 pursuant to Section 9087 of the Elections Code and Section 88003
10 of the Government Code. The ballot label is the condensed
11 statement of the ballot title and the financial summary.

12 (d) Where the voting in the election is done by means of voting
13 machines used pursuant to law in the manner that carries out the
14 intent of this section, the use of the voting machines and the
15 expression of the voters' choice by means thereof are in
16 compliance with this section.

